

2009 DRAFTING REQUEST

Bill

Received: **01/08/2009**

Received By: **pkahler**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Grimsrud**

This file may be shown to any legislator: **NO**

Drafter: **pkahler**

May Contact:

Addl. Drafters:

Subject: **Public Assistance - Wis works**
Public Assistance - misc

Extra Copies:

Submit via email: **NO**

Pre Topic:

DOA:.....Grimsrud, BB0362 -

Topic:

Child support pass-through

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pkahler 01/08/2009	jdye 01/12/2009		_____			
/P1			rschluet 01/12/2009	_____	cduerst 01/12/2009		
/1	pkahler 01/16/2009	jdye 01/16/2009	phenry 01/20/2009	_____	lparisi 01/20/2009		
/2	pkahler 02/10/2009	jdye 02/10/2009	rschluet 02/10/2009	_____	mbarman 02/10/2009		

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/P1		1/2 3/10 jld	rschluet 01/12/2009		cduerst 01/12/2009		
/1	pkahler 01/16/2009	jdye 01/16/2009	phenry 01/20/2009		lparisi 01/20/2009		

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pkahler

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<END>

2009-11 Budget Bill Statutory Language Drafting Request

- Topic: Child Support Pass Through
- Tracking Code: BB 0362
- SBO team: Education, Children & Families
- SBO analyst: Sarah Grimsrud
 - Phone: 266-2288
 - Email: Sarah.Grimsrud@Wisconsin.gov
- Agency acronym: DCF
- Agency number: 437
- Priority (Low, Medium, High): High

Intent: Increase the pass through of back child support to former W-2 and Caretaker Supplement (CTS) families to 100%. Increase the pass-through of ongoing child support collections to 75% for current W-2 and CTS families.

See attached issue paper (not complete) for background.

DEPARTMENT OF CHILDREN AND FAMILIES
2009-11 Biennial Budget
Governor's Budget Issue Paper

Issue: Deficit Reduction Act of 2005 Optional Pass Through of Child Support for Current and Former Assistance Cases

Problem Description

Under current policy, W-2 and CTS participants receive a pass through of the state share of child support collections. The federal government receives the federal share. The Deficit Reduction Act of 2005 (DRA) provides states numerous options for the pass through of the federal share of assigned child support for certain cases, which will provide additional funding to families on whose behalf child support is collected.

Background/Overview

In February 1997, the federal Administration for Children and Families (ACF) approved a waiver that permitted Wisconsin to pass through to families, the full amount of assigned child support collected on behalf of Wisconsin Works (W-2) and SSI Caretaker Supplement (CTS) recipients. The purpose of the waiver was to learn if the full pass-thru of child support resulted in more positive outcomes for families.

The University of Wisconsin - Institute for Research on Poverty (IRP) conducted the evaluation of the pass-through policy and found that when low-income custodial parents receive more support, many noncustodial parents are more likely to pay, and to pay more, and children are more likely to have paternity established.

In December 2005, ACF ended the Wisconsin waiver. During the same year, state legislation was passed that allowed for the pass through of only the state share of child support collections received. The federal share of collections is paid to the federal government. The state and federal shares are based on the Federal Medical Assistance Percentages (FMAP) rate, which has historically been around 60%.

Former Assistance Cases. As part of the federal DRA, states have been given the option to pass through up to 100% of assigned arrears in former assistance cases beginning October 1, 2008. The federal government will pay the full federal share of the pass through amount, with no restrictions on the dollar amount or whether or not child support was disregarded for eligibility.

Current Assistance Cases. For current TANF cases, the DRA allowed state the option to pass through of a portion of the federal share of assigned child support beginning October 1, 2008. The federal government will increase its financial participation in state pass-through policies by not requiring the state to pay the federal share of any "excepted portion" of the federal share, that the state opts to pass through to the family. The "excepted portion" is defined as \$100 for a TANF assistance recipient with one child or up to \$200 in a household of 2 or more children. However, this federal participation is contingent on the TANF program disregarding child

support income as part of determining eligibility and benefit calculation. Currently, W-2 and Kinship Care programs disregard child support for eligibility, and CTS does not.

The table below shows the historical pass through and disregard policies for the three TANF population groups that are potentially eligible for federal participation.

Program	Pass through policy from 1997 – 2005	Pass through policy from 2006 - present	Disregard child support for eligibility
W-2	100%	State share (40 - 42%)	Yes
CTS	100%	State share (40 - 42%)	No
Kinship Care	0%	0%	Yes

Analysis/Considerations

At a federally sponsored training, it was clarified that a state does not need to choose the \$100/\$200 formula, but has the option to choose a pass through amount determined by the state. However, federal financial participation will be limited to the \$100/\$200 excepted portion. States are setting a wide variety of pass through policies from monthly fixed sum amounts or percentages of payments received.

Because of the programming complexity of passing through the state share of assigned child support collections expressed as a percentage and the federal share of a fixed amount (\$100/\$200), staff have indicated the preferred method would be to pass through a percentage of the collection that maximizes the federal share of the collection passed through to the family while minimizing the amount of state funds required to be paid to the federal government for amounts exceeding the excepted amount (\$100/\$200). That percentage is calculated to be 75%.

Former Assistance Cases

W-2 and CTS Cases. Because the federal government will pay the full federal share of the pass through amount, with no restrictions on the dollar amount or whether or not child support was disregarded for eligibility, the Department could pass through 100% of collections on former W-2 and CTS cases at no additional cost to the state.

The Department currently collects about \$1.58 million annually on behalf of former W-2 and CTS recipients. Under current law, the state passes through the state share of about \$631,400 to these families and the balance of \$947,100 is repaid to the federal government. Under the DRA, the state could pass through 100% of the collections to the families at no additional cost to the state. Passing through 75% of all collections to the family results in the family receiving about \$1.18 million, an increase of \$552,500 from the current amount. However, the state share of payments would decline from \$631,400 to \$473,600, resulting in a net savings to the state of \$157,800.

The following table illustrates the approximate amount that will be passed through to the families, the amount transferred to the feds and the amount retained by the state or owed to the federal government under various scenarios.

Former W-2 and CTS Cases

	Current 40% Pass Thru	100% Pass Thru	75% Pass Thru
Amount to family	\$631,400	\$1,578,500	\$1,183,900
Amount to feds	\$947,100	\$0	\$236,800
State surplus/(deficit- owed to feds)	\$0	\$0	\$157,800

Kinship Care Cases. The Department currently collects about \$762,600 annually on behalf of former Kinship Care cases. None of these funds are passed through, so the state retains \$305,000 and returns \$457,600 to the federal government. If the state were to pass-through 100% of child support collections on behalf of former Kinship Care cases, it would cost the state \$305,000, the state share of collections that are passed through. A 75% pass thru would result in families receiving \$571,900 and cost the state \$152,500 annually. The following table

Former Kinship Care Cases

	Current 40% Pass Thru	100% Pass Thru	75% Pass Thru
Amount to family	\$0	\$762,600	\$571,900
Amount to feds	\$457,600	\$0	\$114,400
State surplus/(deficit- owed to feds)	\$305,000	(\$305,000)	(\$152,500)

Current Assistance Cases

W-2 Cases: Currently, W-2 meets all of the conditions for a pass through policy in that they currently disregard child support for eligibility. By changing statutory language to a percentage rather than the "state share", federal participation up to the accepted amount of \$100/\$200 will be available for W-2 participants.

Wisconsin currently collects about \$1.53 million in child support annually on behalf of about 916 of current W-2 recipients, of which the state share (\$613,600) is paid to the family and the federal share of \$920,300 is repaid to the federal government. If the state passed through 100% of all child support collections made on behalf of current W-2 recipients, the W-2 families would get the full \$1.53 million; however, the state would owe the federal government \$273,400, which is the federal share of the amounts collected over the excepted amounts. Passing through 75% of all collections to the family results in the family receiving about \$1.15 million, with the state retaining an additional \$11,700.

The following table illustrates the approximate amount that will be passed through to the families, the amount transferred to the feds and the amount retained by the state or owed to the federal government under various scenarios.

Current W-2 Cases			
	Current 40% Pass Thru	100% Pass Thru	75% Pass Through
Amount to family	\$613,600	\$1,533,900	\$1,150,400
Amount to feds	\$920,300	\$273,400	\$371,800
State surplus/(deficit- owed to feds)	\$0	(\$273,400)	\$11,700

Caretaker Supplement Cases. Although CTS does not disregard child support for eligibility, Wisconsin does pass through the state share of collections. Federal financial participation in an expanded pass through to CTS families would be contingent on a change in eligibility criteria for CTS in which child support income would be disregarded.

Wisconsin currently collects about \$1.745 million in child support annually on behalf of about 927 current CTS recipients, of which the state share (\$698,100) is paid to the family and the federal share (\$1,047,100) is repaid to the federal government. In order to increase the amount of collections going to CTS families from the federal share of collections, the state would have to change state law to disregard child support for CTS eligibility purposes. If this change were made and the state passed through 100% of all child support collections made on behalf of current CTS recipients, the CTS families would get the full \$1.745 million; however the state would owe the federal government \$346,200, the federal share of the amounts collected over the excepted amounts (\$100/\$200). Passing through 75% of the amounts collected to the CTS household would result in the family receiving \$1,308,900, and the state owing the federal government approximately \$9,900.

The following table illustrates the approximate amount that will be passed through to the CTS families, the amount transferred to the feds and the amount retained by the state or owed to the federal government under various scenarios.

Current CTS Cases w/ Child Support Disregarded for Eligibility			
	Current 40% Pass-Thru	100% Pass Thru	75% Pass Thru
Amount to family	\$698,100	\$1,745,200	\$1,308,900
Amount to feds	\$1,047,100	\$346,200	\$446,200
State surplus/(deficit- owed to feds)	\$0	(\$346,200)	(\$9,900)

The state could choose to continue to not disregard child support for CTS eligibility, but the full cost of any pass-thru would have to be born by the state. The additional costs to the state would be \$1,047,120 under a 100% pass through and \$610,800 under a 75% pass through.

Current CTS Cases w/ Child Support Not Disregarded for Eligibility

	Current 40% Pass Through	100% Pass Through	75% Pass Through
Passed thru to family	\$698,100	\$1,745,200	\$1,308,900
60% fed share to feds	\$1,047,100	\$1,047,100	\$1,047,100
State surplus/(deficit- owed to feds)	\$0	(\$1,047,100)	(\$610,800)

The Department of Health Services will need to determine the impact of changing the eligibility requirements to disregard child support for CTS recipients. This may increase slightly the number of recipients eligible for CTS benefits and, consequently, increase costs to the TANF-funded CTS program, but it is expected that this would be more than offset by the additional funds going to the CTS families, who include low-income disabled parents who receive SSI.

Kinship Care: Wisconsin currently does not pass through any child support collections to Kinship Care cases. Wisconsin pays the federal share to the federal government and retains the state share of child support collections to help fund the TANF programs. Although Kinship Care cases are eligible for federal financial participation in a pass-thru policy, expansion of the pass-thru to include Kinship Care cases will decrease state revenues available to fund TANF programs and result in additional costs to the state because child support collections are not currently passed through to the court-ordered payee and could result in payments to parents who are no longer caring for their children if they are the court-ordered payee.

Wisconsin currently collects about \$4.22 million in child support annually on behalf of about 1,545 current Kinship recipients, of which the state share (\$1,688,200) is retained by the state and the federal share (\$2,532,300) is repaid to the federal government. If the state passed through 100% of all child support collections made on behalf of current kinship children, the court-ordered payees would get the full \$4.22 million; including \$1,688,200 in the state share. However, the state would owe the federal government \$976,100, the federal share of the amounts collected over the excepted amounts (\$100/\$200), so rather than retaining \$1.688 million to offset Kinship costs, passing through 100% will cost the state \$2.664 million annually, a \$4.3 million difference. Passing through 75% of the amounts collected to the Kinship household would result in the family receiving \$3,165,400, and cost the state \$1,251,400, a \$2.94 million difference from current law.

Current Kinship Cases w/ Child Support Disregarded for Eligibility

	Current – No Pass Through	100% Pass Through	75% Pass Through
Amount to family	\$0	\$4,220,500	\$3,165,400
Amount to feds	\$2,532,300	\$976,100	\$1,040,300
State surplus/(deficit- owed to feds)	\$1,688,200	(\$2,664,300)	(\$1,251,400)

An alternative approach, but more complicated from a programming perspective, would be to pass through child support collections in Kinship cases only when the Kinship relative is also the court-ordered payee. This would provide additional support to the family that is actually caring for the child(ren), while reducing the cost of the pass-thru. It is unknown how many Kinship relatives are also the court-ordered payee, but if we assume 50%, then the costs will to pass through 75% of collections would be about \$625,000 in state fund expenditures, for a net impact of \$2.3 million.

There are over 8,000 kinship care cases at any point in time. Of the 8,000, about 1,500 are court-ordered kinship care cases where the child has been placed with the relative under court order. The remaining 6,500+ cases are voluntary placements arranged by the family. The split between court ordered and voluntary is fluid in that many cases transition from voluntary to court ordered or vice versa. Of the 6,500+ voluntary cases, we estimate that at least 1,000 and probably closer to 2,000 were previously court ordered and the relative took permanent legal guardian to close the child welfare case. These are called the “long-term” kinship care cases (see budget paper we did on kinship care rates. The remaining voluntary cases are considered “short-term” although children might stay with those relatives for years. The court-ordered cases are “short-term” in that respect as well.

For the child support pass-through, it would make sense to pass through support to the long-term cases where relatives have taken permanent legal guardianship. The relatives can definitely use whatever support comes in to supplement the meager \$215/month kinship payment. The pass-through could be ordered by the court as part of the hearing that gives the relative permanent legal guardianship and closes the child welfare case. DSP would need to do work on our end to clearly identify those long-term cases for purposes of sending child support referrals through the KIDS/eWiSACWIS interface. For the short-term cases, whether court-ordered or voluntary, doing the child support pass-through would be more problematic because the placements can change. For the court-ordered placements, the court could order the child support pass-through since the case is already court-involved, but hearings are not held for all placement changes so special hearings would likely be needed, adding to court workloads. For the short-term voluntary placements, there is no court involvement, so there would be no mechanism to get the pass-through approved if pass-throughs have to be authorized by the court.

Options:

1. Increase the pass through of assigned arrears to former W-2 and CTS families to 100%. The state share of collections is already passed through, and this option will allow families to receive their full child support payments. If the federal share of collections is also passed through, an additional \$937,300 will be provided to these families each year. Since the state already passes through the state share of collections in both former W-2 and CTS cases, there will be no additional costs associated with a full pass through of all child support collections.
2. Change the statutes to specify of percentage of 75% of child support collections that will be passed through to current W-2 and

Timing Consideration: The changes to the KIDS system to implement these optional pass through changes are significant and adequate staffing will be required.

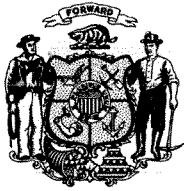
Implementation Considerations: Due to low staffing levels in KIDS/BITS, consideration must be given to the ability of DCF to implement statutory changes to the pass through policy. If permission to hire is granted, the options can be expanded. However, no matter what options are chosen, statutory changes are needed to take advantage of federal financial participation and any possible cost savings.

Currently, on an annual basis, the percentage of pass through is changed due to the change in the FMAP rate. This is a simple table change and is feasible to accomplish. The reason the change is simple is because the percentage passed through is the same for current and former assistance cases.

If options are chosen that either:

- treat current and former assistance cases differently (for example, 50% to current and 100% to former assistance cases), and/or
- Add a new population group, such as the addition of Kinship care

there will result in a large system effort which may not be feasible at current staffing levels. If current staffing levels are increased, the ability to implement a large system effort would not be feasible until the second year of the biennium due to current work on federally mandated changes to distribution of support.



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-1377/2

PJK:.....

TODAY
please

DOA:.....Grimsrud, BB0362 - Child support pass-through✓

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

D-note
(in 1-8)

do not get cut✓

1 AN ACT...; relating to: the budget.✓

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES✓

WISCONSIN WORKS✓

The Wisconsin Works (W-2) program under current law generally provides work experience and benefits for low-income custodial parents who are at least 18 years old. W-2 is funded with federal Temporary Assistance for Needy Families (TANF) block grant moneys, federal child care block grant moneys, and state general purpose revenue, and is administered by DCF. One eligibility requirement for W-2 is that an individual assign to the state any right he or she has to support from any other person. Of the support that is assigned to the state, a portion is the state's share and a portion is the federal government's share. Currently, all of the state's share that is collected is paid to the individual participating in W-2, and a portion of the federal government's share is paid to the individual in accordance with federal law. The bill changes the amount of the state's share that is paid to the individual to 75 percent of the amount of the state's share that is collected. In addition, for an individual who formerly participated in W-2 and assigned his or her right to support to the state but who is no longer participating in W-2, the bill provides that 100 percent of the state's share and the federal government's share of support arrears that accrued while the individual was participating in W-2 and that are collected after the individual ceased participation, be paid to the individual.✓

PUBLIC ASSISTANCE✓

Under current law, DHS✓ pays supplemental monthly payments for the support of dependent children to custodial parents who are receiving federal supplemental security income.✓ One eligibility requirement for the receipt of those state payments is that the custodial parent assign to the state any right he or she has to support from any other person. Of the support that is assigned to the state, a portion is the state's share and a portion is the federal government's share.✓ Currently, all of the state's share that is collected is paid to the custodial parent,✓ and a portion of the federal government's share is paid to the custodial parent in accordance with federal law. The bill changes the amount of the state's share that is paid to the custodial parent to 75✓ percent of the amount of the state's share that is collected. The bill also provides that, for determining eligibility for the supplemental payments for the support of dependent children, DHS✓ must disregard any support that is received by or that is owed to the custodial parent. In addition, for a custodial parent who formerly received supplemental payments for the support of dependent children and assigned his or her right to support to the state but who is no longer receiving those supplemental payments, the bill provides that 100✓ percent of the state's share and the federal government's share of support arrears that accrued while the custodial parent was receiving those supplemental payments and that are collected after the custodial parent ceased receiving them, be paid to the custodial parent.✓

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 49.145 (2) (s) ✓ of the statutes is amended to read:

2 49.145 (2) (s) The individual assigns to the state any right of the individual or
3 of any dependent child of the individual to support or maintenance✓ from any other
4 person, including any right to amounts accruing during the time that any Wisconsin
5 Works benefit is paid to the individual. If a minor who is a beneficiary of any
6 Wisconsin Works benefit is also the beneficiary of support under a judgment or order
7 that includes support for one or more children not receiving a benefit under
8 Wisconsin Works, any support payment made under the judgment or order is
9 assigned to the state during the period that the minor is a beneficiary of the
10 Wisconsin Works benefit in the amount that is the proportionate share of the minor
11 receiving the benefit under Wisconsin Works, except as otherwise ordered by the

1 court on the motion of a party. Amounts assigned to the state under this paragraph
2 remain assigned to the state until the amount due to the federal government has
3 been recovered. No amount of support that begins to accrue after the individual
4 ceases to receive benefits under Wisconsin Works may be considered assigned to this
5 state. Except as provided in s. 49.1455, ~~any money that is~~ 75 percent of all money
6 received by the department in a month under an assignment to the state under this
7 paragraph for an individual applying for or participating in Wisconsin Works and
8 that is not the federal share of support shall be paid to the individual applying for
9 or participating in Wisconsin Works. The department shall pay the federal share of
10 support assigned under this paragraph as required under federal law or waiver.

History: 1995 a. 289; 1997 a. 27, 191, 237, 283; 1999 a. 9; 2001 a. 16; 2005 a. 25.

11 **SECTION 2.** 49.1452 of the statutes is created to read:

12 **49.1452 Payment of support arrears.** If an individual who formerly
13 participated in, but is no longer participating in, Wisconsin Works assigned to the
14 state under s. 49.145 (2) (s) his or her right or the right of any dependent child of the
15 individual to support or maintenance from any other person, the department shall
16 pay to the individual all money in support or maintenance arrears that is collected
17 by the department after the individual's participation ceased and that accrued while
18 the individual was participating in Wisconsin Works.

19 **SECTION 3.** 49.775 (2) (bm) of the statutes is amended to read:

20 49.775 (2) (bm) The custodial parent assigns to the state any right of the
21 custodial parent or of the dependent child to support from any other person. No
22 amount of support that begins to accrue after the individual ceases to receive
23 payments under this section may be considered assigned to the state. Any
24 Seventy-five percent of all money that is received by the department of children and

1 families under an assignment to the state under this paragraph and that is not the
2 federal share of support shall be paid to the custodial parent. The department of
3 children and families shall pay the federal share of support assigned under this
4 paragraph as required under federal law or waiver.

History: 1997 a. 27, 237; 1999 a. 9; 2005 a. 25; 2007 a. 20.

5 **SECTION 4.** 49.775 (2m) of the statutes is created to read:

6 49.775 (2m) DISREGARD OF SUPPORT. In determining a custodial parent's
7 eligibility under this section, the department shall, for purposes of determining the
8 custodial parent's income, disregard any court-ordered support that is received by
9 or owed to the custodial parent.

10 **SECTION 5.** 49.776 of the statutes is created to read:

11 **49.776 Payment of support arrears.** If a custodial parent who formerly
12 received payments under s. 49.775 but who is no longer receiving payments under
13 s. 49.775 assigned to the state under s. 49.775 (2) (bm) his or her right or the right
14 of the dependent child to support from any other person, the department shall pay
15 to the custodial parent all money in support arrears that is collected by the
16 department after the custodial parent's receipt of payments under s. 49.775 ceased
17 and that accrued while the custodial parent was receiving those payments.

18 (END)

D-note

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

date

LRB-13777/dn

PJK: A:...

jld

Do we need an initial applicability for the support arrears[✓] that are passed through, such as all arrears that are collected on or after October 1, 2008? Has this 100[✓] percent pass-through already been taking place? If not, perhaps the new provision would just apply to arrears collected on or after the effective date of the budget.

Should the disregard of child support for eligibility for the[✓] SSI Caretaker Supplement program first apply to eligibility determinations made and[✓] those reviewed on the effective date?

also

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.wisconsin.gov

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1377/P1dn
PJK:jld:rs

January 12, 2009

*first apply
arrears collected*

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Should the disregard of child support for eligibility for the SSI Caretaker Supplement program first apply to eligibility determinations made and also those reviewed on the effective date?

yes

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STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

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Legal (608-266-3561)

LRB

Sarah Grimsrud

1-16

1377

s/b 70% of all money (including fed)

initial op s/b amounts collected on eff date

+ elig det + rev on eff date



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-1377/P1

PJK:ldrs

stays minimum

DOA:.....Grimsrud, BB0362 - Child support pass-through

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

1-16

don't get cut ✓

1

AN ACT...; relating to: the budget. ✓

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

WISCONSIN WORKS

The Wisconsin Works (W-2) program under current law generally provides work experience and benefits for low-income custodial parents who are at least 18 years old. W-2 is funded with federal Temporary Assistance for Needy Families (TANF) block grant moneys, federal child care block grant moneys, and state general purpose revenue, and is administered by DCF. One eligibility requirement for W-2 is that an individual assign to the state any right he or she has to support from any other person. Of the support that is assigned to the state, a portion is the state's share and a portion is the federal government's share. Currently, all of the state's share that is collected is paid to the individual participating in W-2, and a portion of the federal government's share is paid to the individual in accordance with federal law. The bill changes the amount of the state's share that is paid to the individual to 75 percent of the amount of the state's share that is collected. In addition, for an individual who formerly participated in W-2 and assigned his or her right to support to the state but who is no longer participating in W-2, the bill provides that 100 percent of the state's share and the federal government's share of support arrears that accrued while the individual was participating in W-2 and that are collected after the individual ceased participation, be paid to the individual.

#28 all support collected, including both the state and federal shares

support that is collected ✓

PUBLIC ASSISTANCE

Under current law, DHS pays supplemental monthly payments for the support of dependent children to custodial parents who are receiving federal supplemental security income. One eligibility requirement for the receipt of those state payments is that the custodial parent assign to the state any right he or she has to support from any other person. Of the support that is assigned to the state, a portion is the state's share and a portion is the federal government's share. Currently, all of the state's share that is collected is paid to the custodial parent, and a portion of the federal government's share is paid to the custodial parent in accordance with federal law. The bill changes the amount of the state's share that is paid to the custodial parent to 75 percent of the amount of the state's share that is collected. The bill also provides that, for determining eligibility for the supplemental payments for the support of dependent children, DHS must disregard any support that is received by or that is owed to the custodial parent. In addition, for a custodial parent who formerly received supplemental payments for the support of dependent children and assigned his or her right to support to the state but who is no longer receiving those supplemental payments, the bill provides that 100 percent of the state's share and the federal government's share of support arrears that accrued while the custodial parent was receiving those supplemental payments and that are collected after the custodial parent ceased receiving them, be paid to the custodial parent.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 49.145 (2) (s) of the statutes is amended to read:

49.145 (2) (s) The individual assigns to the state any right of the individual or of any dependent child of the individual to support or maintenance from any other person, including any right to amounts accruing during the time that any Wisconsin Works benefit is paid to the individual. If a minor who is a beneficiary of any Wisconsin Works benefit is also the beneficiary of support under a judgment or order that includes support for one or more children not receiving a benefit under Wisconsin Works, any support payment made under the judgment or order is assigned to the state during the period that the minor is a beneficiary of the Wisconsin Works benefit in the amount that is the proportionate share of the minor receiving the benefit under Wisconsin Works, except as otherwise ordered by the

1 court on the motion of a party. Amounts assigned to the state under this paragraph
2 remain assigned to the state until the amount due to the federal government has
3 been recovered. No amount of support that begins to accrue after the individual
4 ceases to receive benefits under Wisconsin Works may be considered assigned to this
5 state. Except as provided in s. 49.1455, ~~any money that is 75 percent of all money~~
6 received by the department in a month under an assignment to the state under this
7 paragraph for an individual applying for or participating in Wisconsin Works ~~and~~
8 ~~that is not the federal share of support~~ shall be paid to the individual applying for
9 or participating in Wisconsin Works. The department shall pay the federal share of
10 support assigned under this paragraph as required under federal law or waiver.

11 **SECTION 2.** 49.1452 of the statutes is created to read:

12 **49.1452 Payment of support arrears.** If an individual who formerly
13 participated in, but is no longer participating in, Wisconsin Works assigned to the
14 state under s. 49.145 (2) (s) his or her right or the right of any dependent child of the
15 individual to support or maintenance from any other person, the department shall
16 pay to the individual all money in support or maintenance arrears that is collected
17 by the department after the individual's participation ceased and that accrued while
18 the individual was participating in Wisconsin Works.

19 **SECTION 3.** 49.775 (2) (bm) of the statutes is amended to read:

20 **49.775 (2) (bm)** The custodial parent assigns to the state any right of the
21 custodial parent or of the dependent child to support from any other person. No
22 amount of support that begins to accrue after the individual ceases to receive
23 payments under this section may be considered assigned to the state. ~~Any~~
24 Seventy-five percent of all money that is received by the department of children and
25 families under an assignment to the state under this paragraph ~~and that is not the~~

↑
strike

1 ~~federal share of support~~ ✓ shall be paid to the custodial parent. The department of
2 children and families shall pay the federal share of support assigned under this
3 paragraph as required under federal law or waiver.

4 **SECTION 4.** 49.775 (2m) of the statutes is created to read:

5 **49.775 (2m) DISREGARD OF SUPPORT.** In determining a custodial parent's
6 eligibility under this section, the department shall, for purposes of determining the
7 custodial parent's income, disregard any court-ordered support that is received by
8 or owed to the custodial parent.

9 **SECTION 5.** 49.776 of the statutes is created to read:

10 **49.776 Payment of support arrears.** If a custodial parent who formerly
11 received payments under s. 49.775 but who is no longer receiving payments under
12 s. 49.775 assigned to the state under s. 49.775 (2) (bm) his or her right or the right
13 of the dependent child to support from any other person, the department shall pay
14 to the custodial parent all money in support arrears that is collected by the
15 department after the custodial parent's receipt of payments under s. 49.775 ceased
16 and that accrued while the custodial parent was receiving those payments.

17 (END)

Insert 4-16 ✓

**2009-2010 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1377/lins
PJK:.....

INSERT 4-16

SECTION 9308. Initial applicability; Children and Families.

(1) **ARREARAGES COLLECTED.** The treatment of section 49.1452 of the statutes first applies to arrearages collected on the effective date of this subsection.

SECTION 9322. Initial applicability; Health Services.

(1) **SUPPLEMENTAL SECURITY INCOME CARETAKER SUPPLEMENT.**

(a) *Arrearages collected.* The treatment of section 49.776 of the statutes first applies to arrearages collected on the effective date of this paragraph.

(b) *Disregard of child support.* The treatment of section 49.775 (2m) of the statutes first applies to eligibility determinations made or reviewed on the effective date of this paragraph.

(END OF INSERT 4-16)

Kahler, Pam

From: Grimsrud, Sarah - DOA [Sarah.Grimsrud@wisconsin.gov]
Sent: Monday, February 09, 2009 1:19 PM
To: Kahler, Pam
Subject: LRB 1377/1

Hi Pam,

Can we change the effective dates to January 1, 2010 for both Section 9308 and Section 9322? Thanks.

Sarah

Sarah E. Grimsrud
Executive Policy & Budget Analyst
State Budget Office
Division of Executive Budget & Finance
Wisconsin Department of Administration
(608) 266-2288

02/09/2009



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-1377/1

PJK:jld:ph

rmisum

DOA:.....Grimsrud, BB0362 - Child support pass-through

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

do not
get cut

✓

1

AN ACT...; relating to: the budget. ✓

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

WISCONSIN WORKS

The Wisconsin Works (W-2) program under current law generally provides work experience and benefits for low-income custodial parents who are at least 18 years old. W-2 is funded with federal Temporary Assistance for Needy Families (TANF) block grant moneys, federal child care block grant moneys, and state general purpose revenue, and is administered by DCF. One eligibility requirement for W-2 is that an individual assign to the state any right he or she has to support from any other person. Of the support that is assigned to the state, a portion is the state's share and a portion is the federal government's share. Currently, all of the state's share that is collected is paid to the individual participating in W-2, and a portion of the federal government's share is paid to the individual in accordance with federal law. The bill changes the amount of support collected that is paid to the individual to 75 percent of all support collected, including both the state and federal shares. In addition, for an individual who formerly participated in W-2 and assigned his or her right to support to the state but who is no longer participating in W-2, the bill provides that 100 percent of the state's share and the federal government's share of support arrears that accrued while the individual was participating in W-2 and that are collected after the individual ceased participation, be paid to the individual.

PUBLIC ASSISTANCE

Under current law, DHS pays supplemental monthly payments for the support of dependent children to custodial parents who are receiving federal supplemental security income. One eligibility requirement for the receipt of those state payments is that the custodial parent assign to the state any right he or she has to support from any other person. Of the support that is assigned to the state, a portion is the state's share and a portion is the federal government's share. Currently, all of the state's share that is collected is paid to the custodial parent, and a portion of the federal government's share is paid to the custodial parent in accordance with federal law. The bill changes the amount of support collected that is paid to the custodial parent to 75 percent of all support collected, including both the state and federal shares. The bill also provides that, for determining eligibility for the supplemental payments for the support of dependent children, DHS must disregard any support that is received by or that is owed to the custodial parent. In addition, for a custodial parent who formerly received supplemental payments for the support of dependent children and assigned his or her right to support to the state but who is no longer receiving those supplemental payments, the bill provides that 100 percent of the state's share and the federal government's share of support arrears that accrued while the custodial parent was receiving those supplemental payments and that are collected after the custodial parent ceased receiving them, be paid to the custodial parent.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 49.145 (2) (s) [✓] of the statutes is amended to read:

2 **49.145 (2) (s)** The individual assigns to the state any right of the individual or
3 of any dependent child of the individual to support or maintenance from any other
4 person, including any right to amounts accruing during the time that any Wisconsin
5 Works benefit is paid to the individual. If a minor who is a beneficiary of any
6 Wisconsin Works benefit is also the beneficiary of support under a judgment or order
7 that includes support for one or more children not receiving a benefit under
8 Wisconsin Works, any support payment made under the judgment or order is
9 assigned to the state during the period that the minor is a beneficiary of the
10 Wisconsin Works benefit in the amount that is the proportionate share of the minor
11 receiving the benefit under Wisconsin Works, except as otherwise ordered by the

1 court on the motion of a party. Amounts assigned to the state under this paragraph
2 remain assigned to the state until the amount due to the federal government has
3 been recovered. No amount of support that begins to accrue after the individual
4 ceases to receive benefits under Wisconsin Works may be considered assigned to this
5 state. Except as provided in s. 49.1455, ~~any money that is 75 percent of all money~~
6 received by the department in a month under an assignment to the state under this
7 paragraph for an individual applying for or participating in Wisconsin Works ~~and~~
8 ~~that is not the federal share of support~~ shall be paid to the individual applying for
9 or participating in Wisconsin Works. The department shall pay the federal share of
10 support assigned under this paragraph as required under federal law or waiver.

11 **SECTION 2.** 49.1452[✓] of the statutes is created to read:

12 **49.1452 Payment of support arrears.** If an individual who formerly
13 participated in, but is no longer participating in, Wisconsin Works assigned to the
14 state under s. 49.145 (2) (s) his or her right or the right of any dependent child of the
15 individual to support or maintenance from any other person, the department shall
16 pay to the individual all money in support or maintenance arrears that is collected
17 by the department after the individual's participation ceased and that accrued while
18 the individual was participating in Wisconsin Works.

19 **SECTION 3.** 49.775 (2) (bm)[✓] of the statutes is amended to read:

20 **49.775 (2) (bm)** The custodial parent assigns to the state any right of the
21 custodial parent or of the dependent child to support from any other person. No
22 amount of support that begins to accrue after the individual ceases to receive
23 payments under this section may be considered assigned to the state. ~~Any~~
24 Seventy-five percent of all money that is received by the department of children and
25 families under an assignment to the state under this paragraph ~~and that is not the~~

1 ~~federal share of support~~ shall be paid to the custodial parent. The department of
2 children and families shall pay the federal share of support assigned under this
3 paragraph as required under federal law or waiver.

4 **SECTION 4.** 49.775 (2m) [✓] of the statutes is created to read:

5 **49.775 (2m) DISREGARD OF SUPPORT.** In determining a custodial parent's
6 eligibility under this section, the department shall, for purposes of determining the
7 custodial parent's income, disregard any court-ordered support that is received by
8 or owed to the custodial parent.

9 **SECTION 5.** 49.776 [✓] of the statutes is created to read:

10 **49.776 Payment of support arrears.** If a custodial parent who formerly
11 received payments under s. 49.775 but who is no longer receiving payments under
12 s. 49.775 assigned to the state under s. 49.775 (2) (bm) his or her right or the right
13 of the dependent child to support from any other person, the department shall pay
14 to the custodial parent all money in support arrears that is collected by the
15 department after the custodial parent's receipt of payments under s. 49.775 ceased
16 and that accrued while the custodial parent was receiving those payments.

17 **SECTION 9308. Initial applicability; Children and Families.**

18 ^{auto ref} (1) ARREARAGES COLLECTED. The treatment of section 49.1452 of the statutes
19 first applies to arrearages collected on the effective date of this subsection.

20 **SECTION 9322. Initial applicability; Health Services.**

21 ^{auto ref B} (1) SUPPLEMENTAL SECURITY INCOME CARETAKER SUPPLEMENT.

22 ^{auto ref C} (a) *Arrearages collected.* The treatment of section 49.776 of the statutes first
23 applies to arrearages collected on the effective date of this paragraph.

auto ref D
↓

- 1 (b) *Disregard of child support.* The treatment of section 49.775 (2m) of the
- 2 statutes first applies to eligibility determinations made or reviewed on the effective
- 3 date of this paragraph.

4

(END)

Insert 5-3 ✓

2009-2010 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1377/2ins

PJK:.....

h u is run

INSERT 5-3

auto ref A

1 **SECTION 9408. Effective dates; Children and Families.**

2 (1) ARREARAGES COLLECTED. The treatment of section 49.1452 of the statutes
3 and SECTION 9308 (1) of this act take effect on January 1, 2010.

4 **SECTION 9422. Effective dates; Health Services.**

5 (1) SUPPLEMENTAL SECURITY INCOME CARETAKER SUPPLEMENT.

6 (a) *Arrearages collected.* The treatment of section 49.776 of the statutes and
7 SECTION 9322 (1) (a) of this act take effect on January 1, 2010.

8 (b) *Disregard of child support.* The treatment of section 49.775 (2m) of the
9 statutes and Section 9322 (1) (b) of this act take effect on January 1, 2010.

(END OF INSERT 5-3)

auto ref D



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-1377/2

PJK:jld:rs

DOA:.....Grimsrud, BB0362 - Child support pass-through

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

1 **AN ACT ...; relating to:** the budget.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

WISCONSIN WORKS

The Wisconsin Works (W-2) program under current law generally provides work experience and benefits for low-income custodial parents who are at least 18 years old. W-2 is funded with federal Temporary Assistance for Needy Families (TANF) block grant moneys, federal child care block grant moneys, and state general purpose revenue, and is administered by DCF. One eligibility requirement for W-2 is that an individual assign to the state any right he or she has to support from any other person. Of the support that is assigned to the state, a portion is the state's share and a portion is the federal government's share. Currently, all of the state's share that is collected is paid to the individual participating in W-2, and a portion of the federal government's share is paid to the individual in accordance with federal law. The bill changes the amount of support collected that is paid to the individual to 75 percent of all support collected, including both the state and federal shares. In addition, for an individual who formerly participated in W-2 and assigned his or her right to support to the state but who is no longer participating in W-2, the bill provides that 100 percent of the state's share and the federal government's share of support arrears that accrued while the individual was participating in W-2 and that are collected after the individual ceased participation, be paid to the individual.

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9 or participating in Wisconsin Works. The department shall pay the federal share of
10 support assigned under this paragraph as required under federal law or waiver.

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12 **49.1452 Payment of support arrears.** If an individual who formerly
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14 state under s. 49.145 (2) (s) his or her right or the right of any dependent child of the
15 individual to support or maintenance from any other person, the department shall
16 pay to the individual all money in support or maintenance arrears that is collected
17 by the department after the individual's participation ceased and that accrued while
18 the individual was participating in Wisconsin Works.

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20 **49.775 (2) (bm)** The custodial parent assigns to the state any right of the
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22 amount of support that begins to accrue after the individual ceases to receive
23 payments under this section may be considered assigned to the state. ~~Any~~
24 Seventy-five percent of all money that is received by the department of children and
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2 children and families shall pay the federal share of support assigned under this
3 paragraph as required under federal law or waiver.

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5 **49.775 (2m) DISREGARD OF SUPPORT.** In determining a custodial parent's
6 eligibility under this section, the department shall, for purposes of determining the
7 custodial parent's income, disregard any court-ordered support that is received by
8 or owed to the custodial parent.

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10 **49.776 Payment of support arrears.** If a custodial parent who formerly
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12 s. 49.775 assigned to the state under s. 49.775 (2) (bm) his or her right or the right
13 of the dependent child to support from any other person, the department shall pay
14 to the custodial parent all money in support arrears that is collected by the
15 department after the custodial parent's receipt of payments under s. 49.775 ceased
16 and that accrued while the custodial parent was receiving those payments.

17 **SECTION 9308. Initial applicability; Children and Families.**

18 (1) **ARREARAGES COLLECTED.** The treatment of section 49.1452 of the statutes
19 first applies to arrearages collected on the effective date of this subsection.

20 **SECTION 9322. Initial applicability; Health Services.**

21 (1) **SUPPLEMENTAL SECURITY INCOME CARETAKER SUPPLEMENT.**

22 (a) *Arrearages collected.* The treatment of section 49.776 of the statutes first
23 applies to arrearages collected on the effective date of this paragraph.

(b) *Disregard of child support.* The treatment of section 49.775 (2m) of the statutes first applies to eligibility determinations made or reviewed on the effective date of this paragraph.

SECTION 9408. Effective dates; Children and Families.

(1) ARREARAGES COLLECTED. The treatment of section 49.1452 of the statutes and SECTION 9308 (1) of this act take effect on January 1, 2010.

SECTION 9422. Effective dates; Health Services.

(1) SUPPLEMENTAL SECURITY INCOME CARETAKER SUPPLEMENT.

(a) *Arrearages collected.* The treatment of section 49.776 of the statutes and SECTION 9322 (1) (a) of this act take effect on January 1, 2010.

(b) *Disregard of child support.* The treatment of section 49.775 (2m) of the statutes and SECTION 9322 (1) (b) of this act take effect on January 1, 2010.

(END)